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MINUTES
Greater Tompkins County Municipal Health Insurance Consortium
Joint Committee on Plan Structure and Design
January 9, 2014 – 3 p.m.
Old Jail Conference Room

Approved

Present:

Municipal Representatives: 7 members

Michael Murphy, Village of Dryden; Brooke Jobin, Tompkins County; Herb Masser, Town of Enfield; Don Barber, Town of Caroline; Betty Conger, Village of Groton; Schelley Michell Nunn, City of Ithaca; Laura Shawley, Town of Danby

Municipal Representative via Proxy: 3

Ruth Hopkins, Town of Lansing; Jennifer Case, Town of Dryden; Judy Drake, Town of Ithaca;

Union Representatives: 5 members

Scott Weatherby, TC3 Staff Unit CSEA Vice President; John Licitra, Town of Ithaca, DPW – Teamsters; Olivia Hersey, TC3 Professional Admin Assoc. Unit; Doug Perine, White Collar CSEA #1000 Unit President; Steve Wright, TC Blue Collar Unit CSEA #855

Union Representative via Proxy: 3

Scott Ochs, TC3 Faculty Association President; James Bower, IUOE Local 158, District 832 Bolton Point; Jerry Wright, Cayuga Heights Police Benevolent Association

Others in attendance:

Steve Locey, Locey & Cahill; Ashley Amadipour, ProAct, Sharon Dovi, TC3; Beth Miller, Excellus; Sharon Dovi, TC3 Human Resources

Call to Order

Mr. Weatherby, Chair, called the meeting to order at 3:04 p.m.

Consultant Updates

Mr. Locey reported the Requests for Proposals for Medical and Prescription Claims Auditing Services have been finalized. When the Board of Directors last met they approved EBS RMSCO and Family and Children's Services as preferred vendors for Flex Spending and Emergency Assistance Programs services; Locey and Cahill have reached out to them and is now working on the contract templates.

Medicare Supplement

Mr. Locey said at the last meeting there was discussion of breaking out claims data by age band. The goal is to find a way to provide a Medicare supplement program at a lower cost without disrupting the rest of the Consortium from a financial perspective. He distributed a document showing medical claims and covered lives by age band from 2011, 2012, and thru

November, 2013. He noted that with medical because they are not able to break out the over age 65 population in terms of active versus retiree, there will be a little skewing of the data. He said in looking at the data and cost on a per covered life basis, 2011 has immature data, 2012 and 2013 is mature but there was an increase in covered lives in 2013 and some accounting needs to be done for bringing in immature data from the Town of Lansing and City of Cortland. In looking at the data the highest cost component for medical for age bands is 0 to 1 and over age 50 up until Medicare becomes effective. In 2012 and 2013 the over age 65 population was approximately \$300 per month per covered life for the medical component. He noted that just because Medicare kicks in it doesn't mean it picks up 100% of the cost.

Mr. Locey distributed a model Medicare supplement plan and used the Town of Ithaca Plan as a comparison model. If the Consortium were to offer the model plan for medical coverage only the individual premium Locey and Cahill would recommend would be \$215 and would mirror Medicare Supplement model F. For drug coverage he presented five different rate scenarios to show what a Medicare supplement would like with a drug program attached to it. In comparing the rates to the current active rates they range from 22% lower to a 40% level depending on the drug. He said the rate will go down significantly in percentage rate plans because the subscriber tends to pay more out-of-pocket. coverage level. He said the premium factor used was 2.624 which is 262% higher than the active rate for drug; however, the medical rate is substantially lower. He reviewed the various elements that would be available for negotiations in all of the three-tier plan options.

Mr. Locey responded to questions about the Medicare Advantage Program and said one of the biggest problems is that elements of the Affordable Care Act in terms of cost savings for Medicare was a diminishment of the subsidy being paid to the private sector health insurance plans. This means if they are going to get less money to provide the Medicare Advantage programs premiums will go up and/or benefits will be reduced.

Mr. Locey said he does not know what the population of the model plan would be and before proceeding he would like to have an understanding of what population each municipality might have that would be exposed to this. Other questions that would need to be addressed are: would this be offered to new retirees, would it be offered to retirees who would have been eligible for coverage but there was none available, would it be offered to retirees who wanted to come back, and would it be offered municipality by municipality. He said there is a fear that if this was offered as an option that it could imbalance the Consortium in other areas but at this point he cannot determine what the impact would be because he doesn't know how many would sign up for the supplement. He said most of the Consortiums they work with don't provide a Medicare supplement, only a few have a separate rate for the Medicare-age population.

Mr. Murphy asked if the majority of public agencies and employers do not want to offer a Medicare supplement because they can't compete with the private sector price unless they subsidize it. He said it appears nationwide private employers are not offering this and their employees are going to programs such as AARP and because of their larger pool they can better keep costs down. He said the Consortium cannot compete with the private market without subsidizing. Mr. Locey said he could not say for sure until he has more information but Mr. Murphy's point is valid because what is happening in the private sector with health benefits. They are moving away from providing any retiree benefits as a way to reduce long-term liabilities.

Questions were raised by members as to why the Consortium would pursue this if a retiree could go to the open market and get a comparable plan for the same price. A response

was provided that if any employer were to subsidize the Medicare supplement the cost of that plan would be lower for the retiree. There is still a lot of work do and information to gather.

Updated copies of the survey that was done were distributed and demonstrated that employers greatly vary in what they offer to retirees.

Mr. Locey will continue to gather information and with the drug data they will be able to put more analysis together on age band.

Discussion of Plan Options Based on the Affordable Care Act

Mr. Locey said the Committee began to discuss different plan options and modeling benefit plans differently at the last meeting. Under the Affordable Care Act there is an employer requirement that a certain level of benefits is offered to all full-time employees (anyone who works an average of 30 hours per week). There are some employers who may not be providing coverage to employees who work 30 hours per week or are not paying towards the coverage of those individuals. Mr. Locey said there was an interest in looking at a plan that meets the minimum requirement of the Affordable Care Act and is between what is being offered currently. He said Locey and Cahill looked at the Blue Cross Blue Shield standard plans and came up with a comparison of a Platinum, Gold, Silver, and Bronze plan to show what the differences would look like. He noted that all of the model plans presented include some type of wellness component. At this time most of the plans offered in the Consortium are at the Platinum level. He presented a side-by-side comparison of platinum plans being offered by Blue Cross Blue Shield. He said there are a myriad of plan designs today that are likely to all be Platinum level. In the future he suggested developing plan models similar to what he presented as opposed to negotiating benefits on a line-by-line basis. Over the next couple of weeks they will having all of the plans valued so they will be able to tell what the value is of each plan.

Appointment of Subcommittee to Review Bylaws

Mr. Weatherby said he would like to see the Committee's bylaws reviewed and for language to be considered that would add term limits and the process for the election of the Chair included. Mr. Barber said some of the process for election of the Chair and Vice Chair is included in the Municipal Cooperative Agreement Section (k).

Mr. Lictra agreed to Chair the Subcommittee and will work with Olivia Hersey,

New Business

Mr. Weatherby said at the next meeting he would like the Committee to discuss selecting alternates to the Board of Directors.

Ms. Nunn said she would like to have discussion of an eligibility audit. Ms. Miller spoke of a recertification process that can be done by employers. Mr. Locey will update the Committee on the status of this item at the Audit Committee as they are currently discussing this.

Old Business

There was no old business.

Joint Committee on Plan Structure and Design
January 9, 2014

Approval of Minutes

Approval of the November 7 and December 5, 2013 minutes were deferred due to lack of quorum. *Total Union Members Present or by Proxy – 8 (10 Needed); Total Municipal Members Present – 10 (5 Needed).*

Next Meeting

It was agreed the next meeting would be held at 2 p.m. at the Public Health Department Rice Conference Room.

Adjournment

The meeting adjourned at 4:35 p.m.

Respectfully submitted by Michelle Pottorff, Administrative Clerk